

Attachment B

Progress of Discussions Between SCWA and Water Contractors to date re. Restructured Water Supply Agreement

As of February 21, 2004, SCWA has met individually with the following parties to the negotiation of the Restructured Water Supply Agreement:

- Town of Windsor,
- North Marin Water District, and
- City of Rohnert Park

Tentative actions agreed to relative to the January Draft of the Restructured Water Supply Agreement grouped into three categories of importance (Significant, Moderate and Minor), are summarized below.

Significant

1.3 Term of Agreement

Action: Agency will restore language in 11th Amended Agreement committing Agency to renew agreement when it reaches full term.

1.6 (c) Amendments

Action: Agency, working with Forestville, will seek to revise the language with the purpose of eliminating the need for Forestville to sign-off on amendments while at the same time assuring preservation of Forestville's entitlement.

3.1 Water Delivery Quantities and Limitations

Action: Agency will restore the term "entitlement(s)" in this section and every other place where it appears in the existing 11th Amended Agreement. Agency will also add a definition of entitlement to Section 1.2.

3.1 (a) – re Windsor's direct diversions

Action: Agency will work with Windsor to be sure that revised agreement(s) between Agency and Windsor will provide that Windsor will use best efforts to secure and perfect its own Russian River water rights for the water it directly diverts.

3.5 (a) – re allocation of water to Agency's Russian River customers

Action: Agency will insert a proviso with regard to allocation of water to its Russian River customers that will provide that Agency will take into consideration individual water rights that said customers have now or in the future.

3.5 (a) and (b) Shortage of Water and Apportionment – re. allocation of water

Action: Agency will restore entitlement language in both of these sections. Also, in Section (b), Agency will consider eliminating separation of headworks from rest of Transmission System. Also, general language will be added that will allow Agency to take water conservation and recycled water status of contractors into account when allocating water.

3.5 (c) Shortage of Water and Apportionment – re. new penalty charge

Action: Rohnert Park supported this charge as drafted. NMWD is reviewing whether penalty should be included at all or be set much higher.

4.14 Operation and Maintenance Charge - Watershed Planning and Restoration

Action: Agency, to introduce some certainty regarding this charge, will limit charge to \$35/ac-ft for first three years with provision that thereafter the charge will be reviewed and increased or decreased as needed to meet expected costs. (Agency estimates it will need about \$2 million dollars per year over the next three years.)

4.6 Aqueduct Facilities Capital Charges.

Action: Agency will add language that will provide for replacement Of Intertie Aqueduct as well.

Moderate

1.2 (v) “recycled water projects” – One contractor, NMWD, thought the phrase at end of this definition, namely: “. . . or assists Agency to comply, in connection with its water supply activities, with the Federal and State ESA or any other environmental law or regulation.” was too broad. Another wants definition of recycled water project to be as broad as possible.

Action: NMWD will supply some alternative language for consideration.

1.2 (dd) “Russian River Project” – One water contractor questioned what was meant by “and related works”.

Action: Agency will review this phrase with view of making clearer.

1.2 (pp) “Water Conservation Project” – One water contractor pointed out exclusion re. recycled water projects may conflict with Agency’s Water Conservation Program contracts with some of the contractors (Petaluma for instance?).

Action: Agency will check and rework language as necessary.

1.4 Previous Agreements Modified

Action: Agency will work with Town of Windsor to modify its three agreements with Windsor parallel with negotiation/adoption of the Restructured Water Supply Agreement.

2.2 (3) Scheduling of Additions and Replacements to the Existing Transmission System

Action: Agency will clarify language in this section to make it clear that Agency can construct and acquire (purchase/lease) emergency wells. Also, Agency will consider

whether it is necessary to add language to clarify that it can purchase water during emergencies.

3.1 (a) – re. Annual “Cap” included for Windsor

Action: Windsor is studying to see if the cap stated is adequate and will respond.

3.2 Conditions on Other Agency Customers

Action: Agency will consider including annual cap for Other Agency Customers.

3.5 (a) Shortage of Water and Apportionment

Action: John Nelson will draft alternative language for parties to consideration re. clarification as to what is meant by the word “deficiency” as used in line 4 as it relates to interim permit approvals for direct diversion of surface water and redirection of stored water authorized by the State Water Resources Control Board.

3.5 (a) Shortage of Water and Apportionment

Action: Agency will review necessity of new language added regarding “environmental laws and regulations”.

3.5 (a) Shortage of Water and Apportionment

Action: Some of the water contractors will meet separately with Forestville to seek language that would more fairly position Forestville’s historic entitlement relative to other Water Contractors vs. current draft, which gives Forestville priority over all water contractors.

Minor

1.2 (x) “remaining facilities”

Action: Agency will check to see if list of facilities is accurate and up-to-date.

1.2 (cc) “Russian River Customers”

Action: Agency will add names of existing Russian River Customers.

1.4 Previous Agreements

Action: Agency will add language referencing all three previous (existing) agreements with Town of Windsor.

1.7 Pledge of Revenues

Action: NMWD will have this section reviewed by independent council.

1.8 Books, Records and Accounts

Action: Agency will review language on line 4 referring to Sonoma County Treasurer account for consistency with new Section 1.7.

1.8 Books, Records and Accounts

Action: Agency will amend new language beginning on line 5 to also call out new sub-accounts being created for recycled water/local supply projects, water management planning, and watershed planning and restoration.

1.12 Water Conservation

Action: Agency will revise out of date language re. “metering requirement” as all water contractors are now metered.

1.14 (a) (1) Transitional Provisions re. Forestville

Action: Agency will clarify what is meant by “storage building”.

4.1 Charges

Action: Agency will consider necessity of adding a paragraph making it clear the following charges do not apply to direct diversions from the Russian River: O&M Charge, Aqueduct Facilities Capital Charge, Storage Facilities Charge and Common Facilities Charge.

4.8 (c) Common Facilities

Action: Agency will check to see if last sentence in subsection (c) conflicts with new language of Section 1.7.

4.9 (c) North Marin Capital Charges.

Action: Agency will check to see if last sentence in subsection (c) conflicts with new language of Section 1.7.